

Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 CIAE-00 COME-00 DODE-00

DOTE-00 FMC-01 INR-07 NSAE-00 CG-00 DLOS-09

OES-07 L-03 INRE-00 SSO-00 /046 W

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FM AMCONSUL ALEXANDRIA

TO SECSTATE WASHDC IMMEDIATE 1509

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E.O. 11652: N/A

TAGS: EWWT, EG

SUBJECT: FEDERAL MARITIME COMMISSION INVESTIGATION OF ALLEGED
ACTIONS OF ALEXANDRIA SHIPPING COMPANY

REF: STATE 2701

SUMMARY: PRESIDENT OF ALEXANDRIA SHIPPING COMPANY INFORMED CONGEN
THAT HE WAS UNAWARE THAT HIS COMPANY HAD LISTED TARIFFS
WITH FMC AND THAT HE HAD NEVER AUTHORIZED HIS AGENT TO ACCEPT
A RATE OF \$4.40 PER CARTON. HE HAD CONSISTENTLY INSISTED ON THE
\$10.65 PER CARTON RATE WHICH IS THE GULF OF MEXICO CONFERENCE
RATE FOR FRUIT. PRESIDENT SAID, HOWEVER, COMPANY HAD NO REPEAT
NO INTENTION OF CONTRAVENING U.S. LAW AND IF FMC REQUIRES ACCEPT-
ANCE OF \$4.40 RATE UNDER CIRCUMSTANCES DESCRIBED, HE WILL ACCEDE.
VESSEL CARRYING APPLES IS NOT YET ALONGSIDE PIER IN ALEXANDRIA.
END SUMMARY.

1. IN DISCUSSION WITH CONSUL GENERAL JAN TEN, MAMOUD ISMAILE,
PRESIDENT OF ALEXANDRIA SHIPPING AND NAVIGATION CO. (ALEXSHIP)
EXPLAINED COMPANY'S DEMAND FOR \$10.65 PER CARTON RATE AS FOLLOWS:
IN OCTOBER, 1977, GLOBAL FOOD EXPORTERS, INC. (GLOBAL) INFORMED
ALEXSHIP THAT THE CARGO HAD BEEN BOOKED AT \$10.65 RATE BUT ASKED
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COMPANY TO LOWER RATE. GLOBAL OBTAINED THE \$10.65 FIGURE FROM
CARRIER'S AGENT TILSTON ROBERTS BUT THEN APPARENTLY WENT TO
FORMER AGENT TEXAS TRANSPORT TERMINAL AND OBTAINED \$4.40 RATE.
TTT NO LONGER BEING AGENT WAS NOT AUTHORIZED TO PROVIDE
GLOBAL WITH A RATE ON BEHALF OF ALEXSHIP. NOR WAS TTT OR TILSTON
AUTHORIZED TO FILE TARIFFS WITH FMC ON BEHALF OF ALEXSHIP.
ISMAILE WAS VISITING U.S. WHEN SHIPMENT WAS FIRST CONSIDERED

AND HE REFUSED TO REDUCE THE RATE BELOW \$10.65.

2. THE \$4.40 RATE WAS USED BY THE AGENT WITHOUT KNOWLEDGE OF ALEXSHIP. THE CONSIGNEE, UNIVERSAL EXPORT IMPORT CO., SENT A LETTER TO ALEXSHIP 11/12/77, CONFIRMING A TELEX OF THE SAME DATE CONFIRMING THE SHIPMENT OF APPLES ON THE IHAB 1 AT THE \$10.65 RATE.

3. ISMAILE EXPLAINED THAT THE \$10.65 RATE WAS THE RATE SET BY THE GULF OF MEXICO CONFERENCE FOR CITRUS FRUIT (PAGE 109 OF THE CONFERENCE RATE LISTINGS).

4. ISMAILE SAID THAT SINCE HE, THE SHIPPER AND THE CONSIGNEE HAD AGREED ON THE \$10.65 PRICE, HE SAW NOTHING ILLEGAL IN INSISTING UPON THE TERMS AGREED.

5. CONGEN EXPLAINED THE REQUIREMENTS OF THE SHIPPING ACT OF 1916 AND THE ROLE AND PURPOSE OF FMC. ISMAILE SAID HE WAS UNAWARE THAT THE COMPANY WAS REQUIRED TO OR HAD LISTED ANY TARIFFS WITH THE FMC. HE ALSO EXPLAINED THAT THE \$4.40 RATE FOR SHIPMENT WAS HOUSTON TO ALEXANDRIA AND WAS LOWER THAN THE NEW YORK TO ALEXANDRIA RATE. FURTHERMORE, IN RELIANCE UPON THE AGREEMENT OF ALL PARTIES THAT HE COULD OBTAIN THE \$10.65 RATE, ISMAILE HAD INCURRED HEAVY EXPENSES IN THE U.S. TO REPAIR THE SHIP'S REFRIGERATOR EQUIPMENT (NORMALLY HE WOULD HAVE HAD THE REPAIRS DONE MORE ECONOMICALLY IN EGYPT.) HE ALSO STATED THAT THE LIMITED OFFICIAL USE

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COSTS FOR SHIPPING THE APPLES CAME TO AT LEAST \$8.00 PER CARTON.

6. AFTER CONGEN'S EXPLANATION, ISMAILE SAID THAT HE HAD NO INTENTION OF CONTRAVENING U.S. LAW AND THAT IF THE FMC STILL REQUIRED THAT THE CARGO BE RELEASED FOR \$4.40 PER CARTON, EVEN THOUGH THIS WOULD MEAN A LOSS OF SOME \$61,500, HE WOULD NEVERTHELESS RELEASE IT OUT OF RESPECT FOR U.S. LAW. CONGEN SAID HE SAW NO ALTERNATIVE BUT RELEASE OF THE CARGO AT THE \$4.40 RATE BUT WOULD ADVISE ISMAILE OF FMC'S RESPONSE SOONEST.

7. COMMENT: SINCE ALEXSHIP OBVIOUSLY UNAWARE OF SHIPPING ACT AND LISTING OF TARIFFS, WOULD APPRECIATE FMC'S FORWARDING SOONEST COPY OF THE 1916 SHIPPING ACT AS AMENDED TOGETHER WITH COPY OF TARIFF FILED IN NAME OF ALEXSHIP. WOULD ALSO APPRECIATE NAME OF COMPANY SUBMITTING TARIFFS IN ALEXSHIP'S BEHALF.

ACTION REQUESTED: PLEASE ADVISE SOONEST WHETHER OR NOT ALEXSHIP MUST RELEASE CARGO AT \$4.40 RATE IN VIEW OF EXPLANATION ABOVE. ALSO PLEASE POUCH INFORMATION REQUESTED PRECEDING PARAGRAPH. MCCLELLAND

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